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. food show, Stockholm

Soviet Livestock Complexes Boost Meat Output

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This week's cover:

A taste-testing reception, held during the U.S. food exhibit in Stockholm, Sweden, helped to sell U.S. consumer-ready products to the region's hotel, restaurant, and institutional buyers. See article beginning on page 11.

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Feed needs expanding

Soviet Livestock Complexes Help To Boost Meat Output

An innovative system of raising livestock in huge, mechanized complexes is enabling the Soviet Union to edge closer to its high-priority meat production goals, according to members of a USDA team[1] that recently visited the Soviet Union. Other evidences of the all-out Soviet effort include an accelerated livestock breeding program, expansion of the mixed feed industry, and a multi-pronged approach to developing protein sources.

Even so, say team members, the Soviets still face a real challenge in expanding animal product output to meet their nutritional norms. The norms are not likely to be met in the 1976-80 plan, but will continue to be longer-term objectives.

The Soviet Union is one of the world's top food producers, so its agricultural production plans and policies have had, at times, a tremendous impact on world commodity markets. Livestock goals outlined in the 1965 Breshnev program to provide more meat to consumers, for example, were a major factor in the Soviet decision to import grain in 1973 and 1974, when domestic supplies were inadequate.

Thus, detailed knowledge of Soviet livestock development programs, feed production, and the volume of feeds used for livestock is of keen interest to U.S. agricultural policymakers. Some of this information is now being obtained under the U.S.-USSR Agreement on Cooperation in the Field of Agriculture, through team exchanges such as this.

According to the team's impressions, the forthcoming 5-year plan—focal point for Soviet agriculture—will continue to stress increased livestock and poultry production. One key to future livestock and poultry industry growth will be the capital outlays targeted for agriculture in the next 5-year plan, 1976-80, which will not be announced until February 1976.

Although the Soviet commitment to expanding their livestock base is real, team members agreed, chances are slim that the goal of self-sufficiency in livestock feed production will be reached by 1980. Since domestic feed needs cannot be met by an increase in cultivated acreage, the Soviets must continue to boost output through improved yields of grains, forages, and oilseeds, and to seek other means of providing additional feed when growing conditions are unfavorable. In any case, imports of feed ingredients—grains and oilseeds meals—from world markets will probably be necessary to maintain livestock goals, according to the U.S. team's assessment.

Several developments are markedly improving the potential for animal production in the Soviet Union. One of these is the establishment of large interfarm complexes for livestock and poultry. Under the interfarm system, groups of collective farms have established large livestock feeding units, which allow for mechanization and economics of scale. The program is most highly developed in Moldavia, a Republic in southwestern USSR that borders on Romania and the Ukraine.

Eventually, nearly all pork, beef, eggs, and poultry meat will be produced in these complexes. Milk production, however, will probably continue to center on collective farms.

The interfarm complexes are owned by participating collective farms, with the share based either on the size of the collective or the number of animals or amounts of feedstuffs provided to the complex. Ninety-five percent of profits are paid back to the collective farms, with 5 percent remaining with the complex. Management is in the hands of specialists trained in specific fields of animal production.

Discussions with Soviet experts indicate that the optimum size of such interfarm complexes in the Moldavian Republic may range from 54,000 to 108,000 head of hogs, 20,000 head of

[1] **Team members, who visited the Soviet Union April 1-19, were Koy L. Neeley, Alan E. Holz, and Max F. Bowser, Foreign Agricultural Service, and Carmen O. Nohre, Economic Research Service.**

beef cattle, 10,000 head of fed calves, 100,000 to 200,000 laying hens, 4.4 million to 8.9 million broilers annually, and 20,000 sheep.

Grains and forages for livestock feeding in the interfarm complexes are provided primarily by the member farms, with remaining needs supplied by the State, which also provides protein supplements. Some complexes have their own feed manufacturing plants, while the Ministry of Procurement in each Republic provides complete feeds to others. Among these complexes was a farm visited by the team that integrated a sugarbeet farm and processing plant, which then fattened cattle on the factory waste.

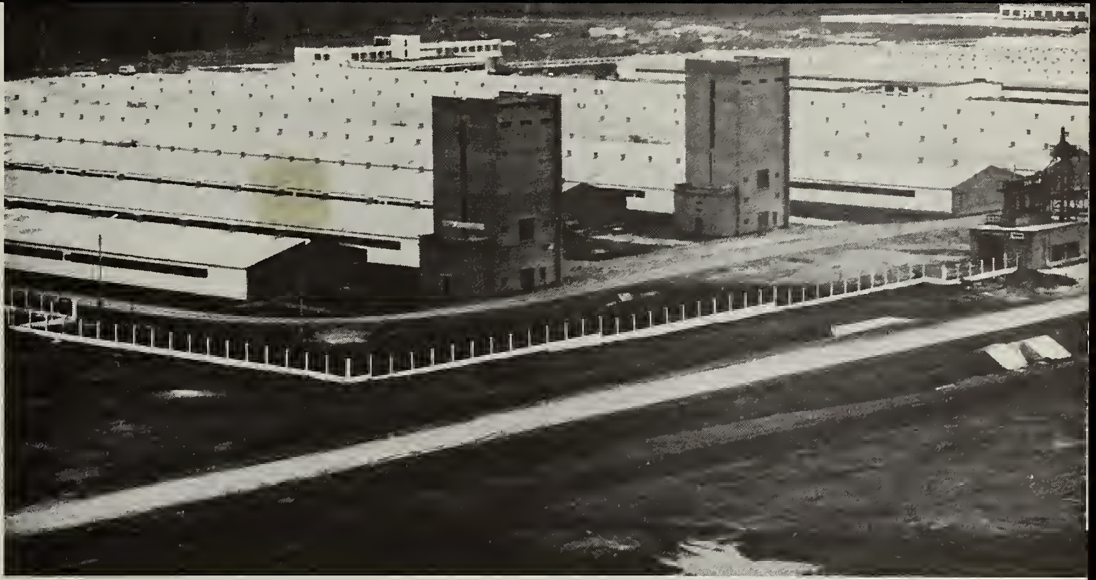
The Soviets hope that the interfarm concept will solve some of the problems that have limited their productivity in recent years. Soviet cattle and swine numbers are about equal to those in the United States, for example, but meat production still trails U.S. output by a third.

Selective breeding programs are beginning to make themselves felt in Soviet livestock industries. Further, the supply of protein necessary for properly balanced rations is inadequate—not only in quantity but in quality. Below-optimum protein levels reduce feeding efficiency and increase grain consumption per unit of output.

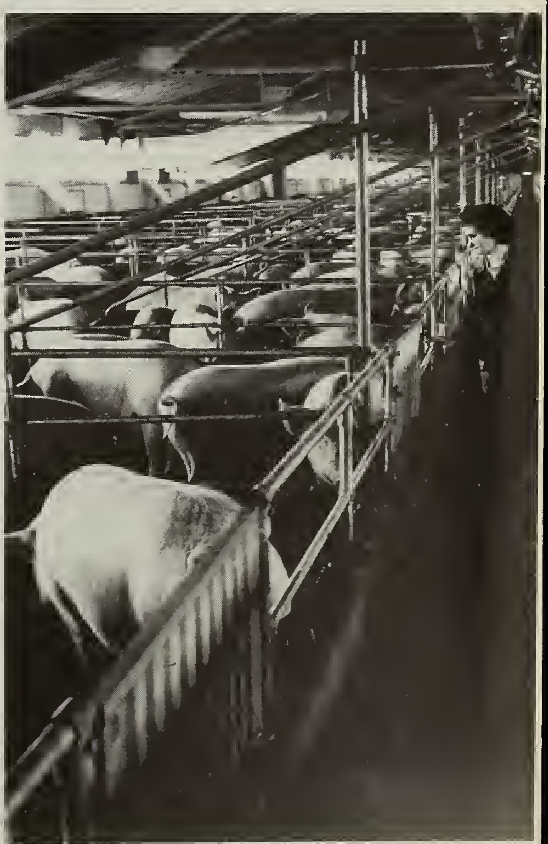
Poor labor efficiency in livestock production has also been a cross borne by Soviet planners. The interfarm complex concept is designed to improve labor efficiency above that now existing on collective or private farms. Interfarm complexes, followed by State and collective farms, for example, have first call on feed supplies available from the State.

Confined feeding is normal for almost all livestock and poultry in the USSR—a practice that will probably continue. Facilities for producing meat are usually located close to cities and other consumption centers, since the use of frozen meat is not common and consumers reportedly prefer meat fresh and chilled. Therefore, livestock-raising areas are frequently far removed from major grain-growing areas and farms must depend on regional feed manufacturing plants to furnish their feedstuffs.

In the Soviet Union, the mixed feed manufacturing industry is controlled by the Ministry of Procurement, which is responsible for procuring surplus grain from State and collective farms. His-



Huge livestock complex at the Kuznetsovskiy State farm outside Moscow, above, is representative of Soviet efforts to expand meat output by consolidating livestock farming into large mechanized units. Simmental cow, left, was one of many dual-purpose cattle seen by the USDA feed-livestock team. The team also visited the Starinskaya turkey complex near Kiev, below left, where breeding stock range free, but most turkeys are raised in confinement. Below, hog feeding operation.



torically, the State procures about 40 percent of total grain production. The Ministry also obtains protein meal from the Ministry of Food Industries, grain byproducts from their own grain milling operations, and imported feed materials from Exportkleb, the national import agency.

To assist in formulating least-cost rations, large, regional feed manufacturing centers, equipped with automated data processing equipment, have been established in each Republic. Computations are based on animal nutritional norms—established by the National Academy of Sciences—which are applied to information on availabilities and prices of feedstuffs. Since prices for feedstuffs are fixed in the Soviet Union, availability of ingredients is the key variable in feed formulation changes.

SMALLER FEED plants within each region use remote terminals to communicate their ingredient availability to the central data system. Then they are automatically provided with formulas for the various feeds that they wish to mix. First priority for protein and grain supplies is given to poultry feeds, second to swine feeds, and last goes to cattle feeds.

This year, mixed feed production under the control of the Ministry of Procurement will exceed 37 million tons of complete feed and 1.5 million tons of protein-vitamin pre-mix. When grain has been added, this quantity of pre-mix is adequate for 9 million tons of complete feed. By 1980, estimates indicate that production of complete feeds will rise to 46-47 million tons, and pre-mix output to 4 million.

The vast majority of mixed feed is used by poultry and swine—sectors of the livestock economy that are receiving the most attention. This year, 26 percent of feed mixed will be for poultry, 55 percent for swine, 18 percent for cattle and sheep, and 1 percent for fish. Estimates suggest that these mixed feeds contain about three-fifths grain and pulses and 8 percent protein supplements, with the remainder consisting of grass meal, mill byproducts, and mineral supplements.

Of course, some additional mixed feed is produced on collective farms themselves and on certain complexes that have their own feed mixing facilities. More frequently, however, collective farms supply grains to feed mixing centers in exchange for mixed feeds.

If the Soviets are to become self-sufficient in feed supplies, as they indicated to the U.S. team, output of feed ingredients must rise significantly to keep pace with the planned increases in livestock production. To do this, they plan to increase grain production—by means of higher yields, rather than by area expansion. Thus, no shift of land out of other crops into grains is anticipated.

The already-established crop rotation program will be maintained, and yields increased with larger amounts of fertilizer. Area under irrigation from both dams and rivers is also being expanded.

The Soviet Union also intends to be self-sufficient in high protein feeds, which even now are in short supply. According to estimates by one team member, Soviet high protein feed requirements in 1980, calculated by Western standards, will rise to 14.1 million tons, soybean meal equivalent, from 12 million in 1975—and could be as high as 14.7 million tons. Of the 1980 protein requirements, projections show meal consumption—oilseed and fish—at only 6.8-7.2 million tons, owing to heavy feeding of other high protein feeds.

Assuming that the Soviets produce 5.1-5.9 million tons of oilseed meals and fishmeal by 1980, their import requirements could range from 1.3-1.7 million tons—equal to the protein content of 60 million to 80 million bushels of soybeans. Projections suggest that by 1980, half of the Soviet protein deficit could be supplied from U.S. soybeans—perhaps 35 million bushels.

The Soviet Union plans to remedy part of its protein shortfall by increasing yields of sunflowerseed and feed peas. Expansion is also planned in urea production—increasing in importance for beef cattle feeding—and in production of yeast for single cell protein feeds. Urea output at present is about 100,000 metric tons yearly and yeast, 700,000 tons. Synthetic amino acid production will also be expanded from the current levels of 2,000 tons each for methionine and lysine.

Soviet plans for improving beef output are largely predicated on increasing production of forage, since plans do not call for heavy grain feeding. Part of the gain in forage will result from expanded use of dehydrated forage and haylage, rather than conventional hay or silage. Haylage is hay dried to about 45-55 percent moisture in the field. It is chopped and stored in upright or trench silos, and sealed to prevent spoilage. Trench silos are more numerous than upright ones, but haylage must be taken from trench silos only during cold weather, otherwise excessive spoilage occurs.

Supplies of grass meal, produced by dehydrating alfalfa and clover, will be boosted by using additional fertilizer and irrigation, and by increasing dehydration capacity.

Livestock management practices on the Soviet farms visited by the team differed considerably from those in the United States. The Soviets tend to feed their cattle to lighter market weights and their hogs to heavier weights. A change in hog slaughter standards and procurement prices will be initiated in 1976, however, in order to produce leaner pork. This change is also expected to improve the overall feeding efficiency of pork production.

Most Soviet beef production is associated with dairy operations, and almost all cows in the USSR are milked. Facilities for feeding "beef" calves and low-producing dairy cows used for beef are separated from dairy operations, however, and in some cases calves are sent to special feeding farms. Favored beef-type breeds include crosses of Simmental/Charolais and Red Steppe/Hereford.

CALVING RATES are high in the Soviet Union—a national average of 90 percent, largely because of almost universal use of artificial insemination and confined brood cows. Dairy herd culling rates are about 12-15 percent annually. Bull calves and low-producing heifers are fed to about 16-18 months of age or about 880-990 pounds before slaughter.

Poultry raising in large complexes is also being encouraged. One broiler factory near Voronezh visited by the team is being expanded to an annual 2-million bird capacity from 840,000 birds in 1970. Eventually, they plan a capacity of up to 6 million birds. Last year the factory was reported to have produced 1.5 million broilers.

Although cage production is preferred and weight gain per unit of feed is faster, most broiler production in this facility was floor-type. Average death

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French Push on Soy Oil May Benefit U.S. Soybean Growers

By KENNETH E. OGREN
U.S. Agricultural Attaché
Paris

MEAL MADE of U.S. soybeans has for several years been a major component of French animal rations, particularly for hogs and poultry, providing a growing market for this U.S. oilseed.[1] It is likely that the demand for protein from soybeans for France's expanding compound feed industry will increase by 20 percent by 1982.[2] U.S. exports of soybeans to France may also benefit as French consumers learn to recognize and appreciate the qualities of soy oil (pure and in blends) for kitchen use. And many of them are beginning to learn as the result of the recent introduction of *Salador,* an identified soy oil that is receiving heavy promotion on French radio and television.

Until recently, soy oil was largely an unknown product to the French housewife. That situation began to change in late summer 1974 when *Salador* began appearing on the shelves at the larger supermarkets. Then in September, commercials began to be heard on radio and seen on television, promoting this product. These TV and radio announcements, while not programed on a daily basis, have continued to appear more or less regularly since their initiation.

Because most U.S. radio listeners and television viewers are unacquainted with French radio and TV scheduling practices, the importance of these periodic appearances may not be readily apparent. Such commercials are not interspersed in every radio-TV program throughout the day, but are grouped for airing, generally before and/or after noon and evening news programs. Further, commercials are normally shorter than those aired in the United States. TV commercials for *Salador* are broadcast in prime time, often before breakfast, and prior to the evening news telecast. Thus the large audiences for this program insure that the *Salador* commercials are seen by many viewers.

Although soy oil ranks next to the lowest in price of all vegetable oils on the grocery shelf, the *Salador* promotion strategy has not been geared to its lower cost. Rather, the campaign has been aimed at stressing the oil's high quality.

The TV and radio messages seek to convince housewives that they now have available for use with raw vegetables a new type of oil abounding in the healthful natural qualities found in the soy plant. Some of the radio commercials have featured interviews with a professor of medicine and a dietician who stress the healthful properties of soy oil.

The product is bottled in an eye-catching orange-colored plastic bottle whose copy expresses the theme of the oil's value vecause it is a natural soy product. The oil's high quality is further underlined by its name. The French word for salad is *salade,* while that for gold is *or.*

FRENCH CONSUMERS, because of their historic patterns of edible oil usage, have developed tastes for salad and cooking oils that are different from those of most Americans. Peanut oil has long held a special place as a preferred French oil, although sunflower oil has made strong inroads in the "quality oil" market in recent years.

In terms of total edible oil consumption in France, until the last year or so rapeseed oil was second in volume only to peanut oil. However, sunflower oil has now taken over the No. 2 spot. Of the oilseeds grown in France, rapeseed accounts for the greatest production volume by a large margin.

Soybean oil has also been a major edible oil in France and, along with coconut oil, ranks immediately after the top vegetable oils in total consumption. However, until last summer, soy oil was used entirely in blends (and often unidentified) and so the oil's qualities were largely unknown to French homemakers. A new French regulation now specifies that all edible oils must be sold as identified oils, with the container label listing the ingredients by name. Thus, promotion of soy oil as a quality oil is especially important as the regulation goes into effect.

Despite the differing preferences for various food products by French and U.S. consumers, they are alike in their concern over rising grocery store prices. Thus, an edible oil having a slightly lower price than competing oils often has a sales edge—an advantage soy oil must have if it is to capture and hold a respectable share of the French market.

AT THE beginning of the *Salador* campaign in the fall of 1974, its price in retail outlets in the Paris area ranged from 5.5-6.25 francs per liter.[3] In comparison, prices for peanut and sunflower oils and for sunflower-peanut oil blends were generally in the 7-8 franc range, giving *Salador* soy oil a noticeable price advantage.

Since its introduction, however, retail prices of soy oil have risen by between 0.5-1 franc per liter. While there have also been some price advances for other edible oils, the comparative price relationship puts soy oil in a less favorable position. Rising prices for soy oil are probably a reflection of the relatively strong price increases for crude soy oil and soybeans early last fall.

France has a rather complex system for regulating prices that permits processors to raise prices only when they can demonstrate to the Government's price agency that the cost of raw materials has risen. Selling at less than cost is also forbidden. To cut prices requires similar bureaucratic action. However, this system has a built-in lag of several months. Hopefully, the substantial price declines for soybeans and crude soy oil that occurred since October 1974 will eventually lead to a restoration of the relative price edge held by soy oil.

(In mid-May, the Dutch f.o.b. price of soybean oil was less than half the peak reached in October of last year.)

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[1] In calendar 1974, imports of U.S. soybeans by France totaled 489,000 metric tons. The previous year they were 390,000 tons. [2] See *Foreign Agriculture*, June 10 and June 17, 1974, for articles on France's soybean usage.

[3] In early June, a dollar was worth about 4 francs, about 20 percent below the level of early 1974.

Thailand—No. 3 U.S. Tobacco Market in the Far East

THAILAND REMAINED an important market for U.S. tobacco in 1974, standing as the third largest purchaser in the Far East after Japan and Taiwan. Imports from the United States last year were markedly higher than in 1973, although they failed to match the still higher levels of 1972.

The United States—in addition to being Thailand's most important source of imported leaf in 1974 (supplying over 95 percent of Thai imports)—also provided varying amounts of cigars and cheroots, cigarettes, smoking tobacco, and snuff.

Total Thai imports of leaf tobacco were higher and tobacco products were lower in 1974 than in 1973.

Imports. Preliminary customs records show that Thailand imported 21.2 million pounds of leaf tobacco, valued at $30.8 million, during calendar 1974. These imports were 6.1 million pounds, or 40 percent greater in volume, and $12 million, or 64 percent higher in value, than the 15.1 million pounds of tobacco, valued at $18.8 million, imported in 1973.

Thailand's relatively small imports of leaf tobacco in 1973 and a production level far below the target set by the Thailand Tobacco Monopoly (TTM) created the strong pressure for larger imports in 1974.

Imports of U.S. leaf tobacco increased significantly, going from 12.1 million pounds in 1973 to a 1974 level of 20.2 million pounds, all of which was stripped tobacco. (The whole-leaf equivalent would be 26.4 million pounds.) Imports of U.S. leaf in 1972 totaled 30.5 million pounds

In 1974, Turkey and Greece were Thailand's only other sources of unmanufactured tobacco, providing 898,100 and 119,300 pounds of oriental tobacco, respectively. In 1973, their shipments were 260,400 and 62,500 pounds. In 1973, Bulgaria, West Germany, and Canada also sold tobacco to Thailand, but dropped out of the market in 1974.

U.S. tobacco trade with Thailand began in the 1930's. Before that year, most of Thailand's leaf imports came from China where the British American Tobacco Company (BAT) was the leading producer of flue-cured in the Far East. The United States stepped up its competition and by 1933 was Thailand's largest leaf supplier with shipments totaling 3.5 million pounds. One year later, with the start of World War II, U.S. shipments dropped to 1.5 million pounds.

When trade was resumed some 5 years later, the United States became almost the sole supplier of imported leaf and the U.K. company dropped out of the Thai market. Purchases of U.S. tobacco by Thailand have increased in most years since 1939, although the 1973 and 1974 levels indicated some deterioration in the U.S. sales position.

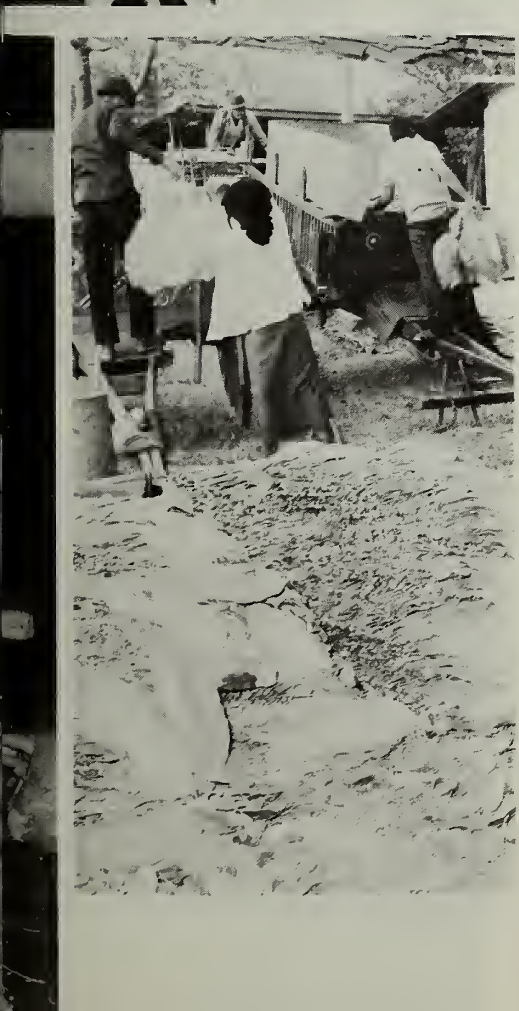
Currently flue-cured makes up the major part of Thailand's tobacco imports from the United States, and burley the remainder.

Most of these imports go into domestic cigarette production. With the growth of cigarette output in recent years, cigarette imports have almost been discontinued.

IN THE TOBACCO product sector, imports of smoking tobacco and snuff in 1974 were up, but the increases were largely offset by reductions in cigar and cheroot imports for an overall drop of about 35 percent.

Official data show that tobacco product imports were 71,700 pounds in 1974, compared with 111,300 pounds a year earlier. Some in the trade believe the 1974 import total would have been larger if the flow of tobacco products smuggled into Thailand had been stopped. There are indications that the quantity of smuggled items was greater last year than a year earlier, but there are no data to confirm this.

The United Kingdom was Thailand's most important source of cigarette imports in 1974, providing 12,100 pounds, up slightly from the previous year's 11,500 pounds. The United States was



From top: Thai farm woman carrying uncured leaf to collection point; Thailand Tobacco Monopoly (TTM) curing barns; TTM employees baling dried tobacco leaves for shipment; green leaves laid out in piles awaiting inspection by TTM buyer (bottom, right).

the second most important with shipments of 8,300 pounds in 1974, down from 16,200 pounds in 1973.

Other major sources of cigarette imports were Singapore, with 8,600 pounds in 1974 and 2,900 a year earlier, and France, with 2,400 pounds in 1974, compared with zero shipments the year before.

In 1974, total cigarette imports were 34,000 pounds, compared with 41,000 pounds in 1973.

Most of Thailand's 1974 imports of cigars and cheroots came from the Netherlands, followed by the United States and Belgium. The Netherlands provided about 5,200 pounds, the United States about one-fifth that quantity, and Belgium about half as much as the U.S. figure. Total Thai imports of cigars and cheroots were 7,200 pounds in 1974, a drop of 75 percent from the 1973 level of 28,100 pounds.

The United States, as No. 1 supplier of smoking tobacco imports in 1974, provided Thailand with 6,200 pounds, compared with 2,900 pounds in 1973. The other top suppliers were the United Kingdom and the Netherlands, with respective shipments of 2,700 and 2,600 pounds.

Exports. Thai leaf tobacco exports in 1974 (at 27.9 million pounds) were smaller than the 31.8 million pounds in 1973, but were 44 percent greater in value—$21.5 million in 1974 against $15.1 million in 1973.

Demand for Thai flue-cured tobacco in the European market remains strong and export prices have risen. Domestic wholesale prices in 1974 were about 20 U.S. cents per pound higher in the better grades of tobacco, compared with calendar 1973.

In terms of volume, the takings of Thailand's top 10 leaf customers in 1974 (with 1973 totals in parentheses), in million pounds, were: Japan, 6.1 (5.0); the United Kingdom, 5.2 (5.1); West Germany, 4.9 (5.4); the Netherlands, 2.8 (2.5); Belgium, 2.6 (3.2); Singapore, 1.2 (0.9); Australia, 0.8 (0.9); the United States, 0.8 (4.2); Sweden, 0.5 (0.2); and Malaysia, 0.4 (0).

Since its inception in 1941, the Tobacco Monopoly has devoted much effort to promoting the expansion and improvement of domestic flue-cured production by farmers under contract with the Monopoly and those under contract with several licensed curers who get their quotas from the TTM.

About 50 percent of Thailand's flue-cured crop is purchased by the Monopoly and the balance is sold to a growing number of independent tobacco dealers for redrying and packing for export.

Demand for Thai flue-cured leaf as a filler in cigarette manufacture in both the domestic market and for export is increasing. As a result, the outlook for 1975 is for an increase in volume and value of Thai flue-cured exports, and a larger domestic use.

Thai exports of tobacco scrap and stems were three times as large in 1974 as those of 1973. Total volume was 2.6 million pounds in 1974 versus 883,500 pounds a year earlier.

Thailand's five top customers for scrap and stem tobacco in 1974, with 1973 totals in parentheses), in thousand pounds, were: West Germany, 876.5 (301.5); the United Kingdom, 540.7 (183.0); France, 474.6 (341.1); the Netherlands, 339.5 (0); and Italy, 243 (0).

Production. Thailand's cigarette production in 1974 is estimated at 20.75 billion pieces, up 7 percent from the recently revised 1973 production estimate of 19.35 billion pieces, an output that exceeded the Monopoly target by 1.73 billion pieces. The 1974 increase was mainly attributed to an 11.6 percent jump in filter cigarette production, amounting to 380 million pieces, and an increase in nonfilter cigarette output of 1,020 million pieces (about 6.4 percent).

Total cigarette sales of the Tobacco Monopoly in calendar 1974 were 20.53 billion pieces. All sales were of the Monopoly's own brands. Sales increased by 7.1 percent, or 1.44 billion pieces over those of 1973. Filter cigarette sales gained by 543 million pieces and nonfilter by 903 million.

THAI CIGARETTES are normally produced for domestic consumption and have not been competitive in foreign markets, although small quantities have been shipped to South Vietnam, Taiwan, and Burma.

The outlook for cigarette sales in 1975 is for an increase of 10 percent, with the total estimated at 22.15 billion pieces. Sales for the current year are estimated at 4.32 billion pieces of filter cigarettes and 17.83 billion pieces of nonfilter cigarettes.

The fifth Monopoly factory is now

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ARS Rotterdam—Research Response to Export Problems

IT IS BAD enough when something goes wrong with shipments of U.S. farm products to local markets, but what happens when obstacles appear in foreign markets thousands of miles away from producer or exporter?

Take, for example, the Dutch importer who receives a shipment of U.S. grapefruit mottled with brown from refrigeration damage . . . U.S. watermelon exporters struggling to meet stiff containerization requirements of unions in a major market . . . or the exporter of U.S. corn who needs to know what competition he will encounter in Europe. Such problems—natural side effects of a U.S. farm trade that carries fully a third of harvested U.S. output into the foreign market—are being tackled by the European Marketing Research Center at Rotterdam.

An overseas arm of USDA's Agricultural Research Service (ARS), the Center is one of several organizations working to expand U.S. farm exports and help maintain their long-standing reputation for high quality and dependability. Its functions—carried on in cooperation with the Foreign Agricultural Service and ARS laboratories in the United States—include both a troubleshooting role in identifying and clearing up chronic marketing difficulties and a research role in finding new and better ways of shipping and preserving U.S. farm products.

A location in the bustling Merwedehaven port area of Rotterdam places the Center at the gateway of Western Europe, which in fiscal 1974 took $6.8 billion worth, or nearly a third, of all U.S. agricultural exports. From this vantage point, ARS scientists are able to see a wide cross section of U.S. farm products destined for the Netherlands and other European markets, as well as a wide variety of items offered by U.S. competitors.

Traditionally, the Center has focused on U.S. trade in fresh fruits and vegetables, helping change it from limited exports of apples, citrus fruits, celery, and a few other items to one that today encompasses virtually the whole spectrum of U.S. perishables: Fresh melons, grapes, berries, iceberg lettuce, radishes, sweet corn, asparagus, tomatoes, peppers, and a host of other products. In addition, the Center plans to expand its responsibilities to cover grains, tobacco, cotton, oilseeds, and other U.S. farm products.

The Center was established in 1969—at the request of the U.S. trade—in the midst of difficulties involving still-new exports of containerized and perishable farm products.

Trade in perishables, which had only begun in volume the previous year, was not meeting needs of the European market. Conditions on arrival were often poor, and suppliers—still tied primarily to the domestic market—were thinking of Europe more as a residual outlet for surpluses, than as one to be carefully serviced and maintained.

Further, because fresh products arriving in Europe were near the end of their normal shelf life, a means needed to be found either to speed their movement to market or extend the shelf life. And container shipments, which had begun around 1965, were often not meeting requirements of European buyers or handlers, in addition to not always maintaining satisfactory quality.

THESE PROBLEMS challenged the U.S. Government and trade to seek sweeping changes in transportation and storage techniques. Such changes were eventually made, leading to quicker delivery by faster ships, which now can make the trip to Rotterdam in 5 days compared with 8-10 days in the past; new equipment to maintain the proper environment; and new packaging and handling techniques to eliminate excessive damage to the product. Additionally, computerization was to prompt better inventory control.

The Center's role in bringing about these changes has included technologies to help solve problems of both importer and exporter. These have been primarily aimed at quality maintenance and improved packaging, as well as solving transportation problems.

Research into quality has focused on

Above, a Dutch clock auction—a good showcase for produce available in the European market. Left, transporting citrus at Rotterdam fruit pier, near which ARS Center is located. Below left, gas-tight plastic curtain maintains modified atmosphere during transit of U.S. produce in Europe; right, Florida radishes, properly loaded and braced, reach Europe in good condition.

how temperature, humidity, and controlled atmosphere affect various products and on how best to combine these factors during the sometimes arduous trip to European markets. Grapefruit, for instance, will mottle when shipped at too low a temperature—i.e., 50° F. instead of the prescribed 60°.

The Center also evaluates fungicides, waxes, and other materials used to maintain quality—an unending search owing to the tendency of bacteria and fungi to acquire resistance to fungicides over a period of time.

Research into packaging and transportation is divided into three areas.

One involves experimental shipments from U.S. research stations to test various techniques for quality maintenance, transport, and packaging. The Center collects data on arrival conditions of such shipments, product performance, adequacy of methods or materials used, costs of each, and consumer reactions to the products.

A second area of research involves gathering information for U.S. shippers on transportation and quality standards in European markets. One such study now underway is looking into the efficiency of European railroads and what size and type of packaging is commonly used for farm products sold in Europe.

Finally, assistance is given to U.S. agricultural attachés of the Foreign Agricultural Service in Europe and to the European trade regarding the best methods of marketing farm products. This usually includes information on optimum environmental conditions, how to prepare and display fresh produce, and the best means of packaging.

Facilitating the work is a modern laboratory equipped with a gas chromatograph, grain moisture detector, incubators for growth of fungus for identification, and other equipment for measuring temperature, humidity, and various environmental conditions. Three large controlled temperature and moisture chambers are available to evaluate the potential shelf or storage life of U.S. agricultural products arriving in Europe.

Packaging and transportation difficulties—often some of the thorniest problems in European markets where sizes and specifications rarely match those used in the United States—have led the Center into some unusual situations.

For instance, British labor unions objected to the large containers initially used for U.S. watermelons—increasingly popular in Europe since their introduction at an FAS-approved London trade promotion several years ago. Consequently, ARS developed a smaller melon carton, which will withstand 375 pounds of pressure and deliver the fruit undamaged, provided the cartons have been stacked right and the temperature properly maintained. And still further improvements are being sought, with researchers trying to fortify bin boxes for watermelon and grapefruit transport overseas.

There also, of course, is the problem of keeping up with foreign competitors in Europe—one of the toughest trade arenas in the world. These efforts include special surveys to measure the size and construction of competitors' containers. One such study found that Israel's method of putting little boxes into big boxes was a good system, but too expensive for U.S. purposes.

Enhancing this work is the Center's location among the fruit piers and warehouses of Rotterdam and near the Rotterdam Fruit Exchange, where imported fruit is auctioned 4 days each week by a group of six importers. Here—arranged in rows in a large, window-lined warehouse—are boxes of oranges, lemons, limes, grapefruit, peaches, grapes, plums, walnuts, pineapple, and coconut from such diverse suppliers as the United States, Israel, Italy, Brazil, Morocco, Pakistan, Argentina, France, the Ivory Coast, and Bulgaria.

ARS officials examine packaging and quality of such fruit, while obtaining the grapefruit needed for a research project currently underway. The project—to ascertain internal quality of grapefruit from major suppliers—involves testing five grapefruit from each exporter for taste, acidity, and sugar content, and measuring their size and peel thickness.

Another now-completed project was the market testing of U.S. vis-a-vis Israeli grapefruit at a big chain store in the United Kingdom. Trial sales were made of both U.S. Texas Ruby Red and Israeli Jaffa grapefruit, which is more acidic. At the end of the experiment, all the Texas grapefruit had been sold and sales of the Jaffa had risen. Thus, the test helped Israeli sales, while also proving there is a strong demand for the U.S. product. Last year, in fact, 100,000 boxes of U.S. grapefruit were

sold in the United Kingdom.

Europe's increasing exposure to new U.S. products involves ARS in another area—working with U.S. agricultural attachés to acquaint consumers with U.S. products. Often this requires traveling to rather distant markets, such as Sweden, Norway, Finland, Scotland, or Italy—not to mention nearby Belgium, France, and West Germany—to provide importers with technical information on product treatment, packaging, transportation, and storage.

Activities have ranged from conducting seminars on how to slice a watermelon to showing housewives, accustomed to leaf lettuce, how to properly use U.S. iceberg lettuce: when iceberg lettuce first arrived in Europe, it was boiled like cabbage.

Europeans still have difficulty judging iceberg lettuce in terms of weight, rather than size, when comparing it with domestic letture. Still, it is quite popular and enjoys a price premium.

FRESH SWEET CORN on the cob, in the past uncommon in European markets where corn is thought of as an animal feed, was at first boiled 45 minutes—so well done that even the cob was cooked. Marketing of U.S. corn with cooking instructions on the package helped solve that problem and increased demand.

Sometimes the educational work means discouraging imports of certain products, such as some early-season fruits that lack the desirable qualities, and thus hurt acceptance of fruits of optimum quality and taste produced later. Each year, importers complain about such products, yet they are always anxious to be the first on the market with seasonal items.

Despite these and other problems, the U.S. trade enjoys a reputation in Europe for good quality products and servicing, for careful market research, and for employing up-to-date transportation and packaging techniques. And although many foreign governments have agricultural representatives in Europe—like those attached to various foreign marketing boards—none but the United States provides current technology to shipper, carrier, and importer in order to provide the best quality product at competitive prices. The program's success is attested to by the continuing high acceptance of U.S. farm products in European markets.

Soviet Livestock Complexes

Continued from page 4

loss was reported at only 4 percent.

Improvement of breeding practices and mechanization are also beginning to be felt in swine production. The Institute of Animal Nutrition in Poltava visited by the team is doing extensive work with artificial insemination of swine. Although they have not developed successful methods for using frozen swine semen, as they have for cattle, fresh semen is being used with excellent results. They are also experimenting to improve performance of sows and breeding to reduce embryo mortality.

Reportedly, the USSR already averages 8 to 8.5 pigs weaned per litter. Most hogs are in close confinement, and in the hog complexes visited, the average number of pigs born was reported to be 9-10 per sow.

As in most Socialist countries, prices of all agricultural commodities in the Soviet Union are fixed. This includes prices paid by farms for inputs, prices at which farm products are sold to the State, and prices at which food items are sold to the consumer. These fixed prices are not the same for all locations in the Soviet Union, however, but vary according to availability, demand, and transportation costs.

Price incentives do play a role in adjusting Soviet farm production. When the State wishes to increase production of a particularly scarce commodity—either nationwide or in a certain location—the price is set at such a level as to improve profitability, relative to that of alternative products. On one state farm in the Tartar Republic, beef production now yields 37 percent profit, pork 30 percent profit, and milk only 11.3 percent profit.

Also, production targets are set for each collective farm on each of the items produced, thus preventing massive shifts from one commodity to another. For many commodities sold to the State in excess of the target level, the farm receives 150 percent of the fixed unit price. For example, incentive payments are made for slaughter cattle that weigh over 350 kilograms at 18 months of age to increase intensive finishing for beef. This encourages efforts to produce the scarce items without creating a shortage of the relatively more available items.

French Push on Soy Oil

Continued from page 5

One factor that could restrict the size of the increase in French soy oil usage is that soy oils—*Salador* as well as other soy oils or soy oil blends that have come on the market—are nonhydrogenated and are sold for "cold" use such as in salads.

This segment of the market accounts for an estimated 50 percent of total household oil usage, and is believed to be the most accessible part of the market in view of present French tastes. However, it is probable that efforts will be made to promote sales of soy oil to this second market segment, once soy oil for cold use attains a secure foothold in the market.

While it is too early to determine how large an additional market for soybeans will result from the identification of soy oil by French consumers, certain facts are already evident. France's largest processor of oils for household use—said to account for 50 percent of total output—is making a strenuous effort to build sales for *Salador,* as witness his extensive and impressive promotional campaign using television and radio. Based on spot checks by this office, this product can now be found in practically all large stores in Paris, well as in many smaller retail outlets. Store displays are prominently featuring *Salador* soy oil.

Salador is also to be found in many, if not most, outlets in other towns and villages scattered all over France. During recent months, soy oil or soy oil blends of other processors also have appeared on retail shelves with increasing frequency, so it is likely the use of soy oil is catching on.

While it is true that in no instance is the soy oil identified as having been pressed from U.S. soybeans, it seems safe to assume that U.S. soybeans are now, and should in the future be, the major source for French soy oil.

Stockholm Exhibit Spotlights U.S. Foods

A colorful exhibit featuring hundreds of U.S. processed foods, held in Stockholm's Sheraton Hotel on May 26-30, culminated in sales success stories by almost all exhibitors. A total of 1,176 key buyers from the Nordic hotel, restaurant, and institutional trade registered to view the 43 U.S. food exhibits —and to sample a tempting array of U.S. consumer-ready products.

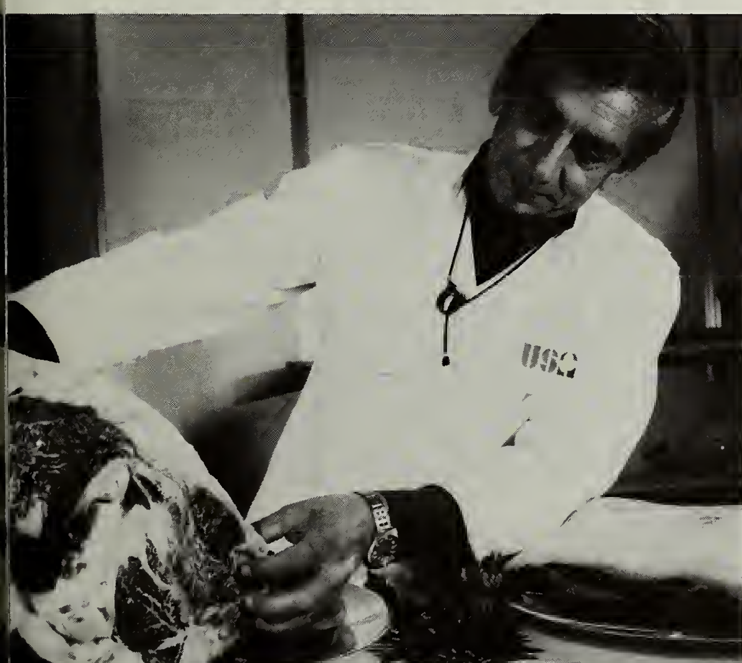
Special interest groups and visitors swelled attendance to at least 1,350. Of those registered, most were from Sweden, 83 were from Finland, 34 from Norway, 18 from Denmark, and 39 from other countries.

By the show's end, the U.S. firms reported $24,000 in direct sales, with other sales on the verge of completion and several exhibitors yet to report. Orders of over $1 million—$1,095,000 —are foreseen by exhibitors in the next 12 months.

Four agency arrangements were finalized at the show by one participant, with five other firms expecting to sign up to 21 agency arrangements in the near future.

Although profitable contacts were made by all U.S. exhibitors, products new to the market registered the most spectacular successes. One U.S. firm for example, is negotiating the sale of two containers of a convenience hard-boiled egg product—and a container of mixed pizzas. The firm expects sales

Continued on page 16



U.S. olives, top, a product with high sales potential in the Nordic market, were among the items displayed at the U.S. food exhibit held May 26-30 in Stockholm. Josef Schafers, above left, executive chef of the Hilton Hotel chain, demonstrates high quality of U.S. beef. Cranberry juice, above, is sampled by Swedish institutional buyer. Trade representatives, left, also displayed keen interest in U.S. convenience foods, such as these frozen pizzas.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 30	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	(1)	(1)	5.64
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	3.22	− 6	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	4.61	− 1	5.44
U.S. No. 2 Hard Winter: 13.5 percent	4.35	+27	5.17
No. 3 Hard Amber Durum	5.77	− 1	7.17
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.21	−11	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.28	− 3	3.46
French Maize [2]	3.35	− 5	(1)
Argentine Plate corn	4.09	+ 6	3.76
U.S. No. 2 sorghum	2.78	− 4	2.90
Argentine-Granifero sorghum	2.81	− 3	2.92
U.S. No. 3 Feed barley	2.23	− 2	2.93
Soybeans:			
U.S. No. 2 Yellow	5.74	−15	6.19
EC import levies:			
Wheat	1.95	+ 5	0
Corn	.96	+ 4	0
Sorghum	1.50	+11	.46

[1] Not quoted. [2] Basis c.i.f. west coast, England
NOTE: Price basis 30- to 60-day delivery

Mexico Ups Imports of U.S. Sorghum

Mexico has recently purchased 170,000 metric tons of U.S. sorghum to offset drought losses in its 1975 domestic crop —currently forecast at 1.8 million tons, 15 percent less than earlier estimates. U.S. sorghum imports into Mexico during 1975/76 are now expected to reach 600,000 metric tons, almost 20 percent more than in 1974/75. Additional imports will probably be needed if the drought continues.

Syria's Wheat Crop Up

Syria's 1975 wheat crop is now estimated at 1.2 million metric tons—15 percent above the 1974 level, as a result of timely rains in April and May. Current indications are that this production level will not cover domestic requirements, and Syria will need to import at least 250,000 tons in the July-June 1975/76 season. Imports of 250,000 tons are indicated for 1974/75.

Rains Improve 1975/76 Wheat Prospects in Australia

Recent rains in Australia have relieved the dry situation in many of the major wheat-growing areas which had persisted since March. The total wheat area, however, is not expected to exceed 8.7 million hectares—down over 2 percent from last year's level and far short of the 10-15 percent increase the Australians had been hoping to achieve.

Wheat plantings are now proceeding rapidly in several major producing areas, and if rains continue for the next few weeks, yields may be nearer to average than previously expected. Recent crop forecasts of 10 million tons, maximum output, may be somewhat conservative in view of the improved moisture conditions.

Japan Lowers Feed Prices

Japan's largest manufacturer of mixed feed reduced the retail price of its products by an average of US$14.75 per metric ton on June 20—a 7 percent drop. This reduction brings the average price of mixed feed down to around $210 per ton. The move to lower retail prices was prompted, in part, by the highly competitive situation in the mixed feed industry.

Indicative of the relatively slack demand for feed and the need for manufacturers to be competitive is the significantly smaller volume of feedgrains imported in May. Compared with May 1974, corn imports this year were off over 15 percent, and grain sorghum imports were down 25 percent.

France Expecting Record Corn Crop

French corn production for 1975 is currently forecast at a record 11.2 million metric tons—nearly 2.5 million tons more than in 1974. This forecast is based on the record acreage seeded to corn this year—10 percent over 1974's—and the strong possibility for above-average yields at this time.

On the basis of this production forecast, French corn exports in the 1975/76 season are projected at 5 million tons—double the estimated volume for the 1974/75 season. Since approximately 90 percent of French corn exports are to fellow members of the European Community, this increase in exports would probably be at the expense of U.S. corn shipments to the European market.

French Cereal Growers Seek Curbs on New Wheat Varieties

The French National Union of Cereal Producers (UNCAC) has appealed to the Government to ban the cultivation and importation of Clement and Maris Huntsman varieties of wheat in France. In 1974, these varieties accounted for 10 percent of total wheat acreage. Even though they are high in protein, and yield 10-12 percent more than traditional varieties, baking qualities are considered to be poor.

Unless these varieties are phased out, it is expected that the importation of quality baking wheat will increase into both France and other countries in the European Community, which account for at least half of French wheat exports.

Record Corn Output Expected in Thailand

Thailand's 1975 corn crop is expected to be at least 2.8 million metric tons—more than 15 percent above last year's record output. Recent rains have broken the drought in the corn area and, as a result, the increased plantings of April and May—15 percent above last year's 1.1 million hectares—are expected to combine with at least average yields for the record production.

Normally, between 80 and 90 percent of Thai corn production is exported, primarily to other Asian markets (Japan, Taiwan, and Hong Kong). Exports of at least 2.2 million metric tons are currently projected for the July-June 1975/76 season, compared with shipments of about 1.9 million tons in 1974/75.

OILSEEDS AND PRODUCTS

World Cottonseed Outturn Set Record in 1974

World production of cottonseed in 1974 is currently estimated at a record 25.8 million metric tons, up approximately 437,000 tons from 1973's estimated outturn of 25.3 million tons. World output of cottonseed oil and meal in 1975 is expected to be about 3.2 million tons and 9.2 million tons, respectively.

World cottonseed oil exports in 1975 are forecast at 415,000 tons, up 12,000 tons from 1974's estimated volume of trade. In 1975, world cottonseed meal exports are expected to rise 5 percent, to about 1.1 million tons.

U.S. Cottonseed Oil Exports Up

The USDA Interagency Committee for Cottonseed and Oil has increased its estimate of U.S. cottonseed oil exports in 1974/75 to 700 million pounds (318,000 metric tons), up from the 620 million pounds (281,000 tons) forecast previously. In 1973/74, the United States exported 563 million pounds of cottonseed oil (255,000 tons), but during the current marketing season increased foreign demand, primarily from Egypt, has kept exports running well ahead of last year's.

Soviet Sunflowerseed And Oil Exports Up

Exports of Soviet sunflowerseed and oil in 1974 were approximately 509,000 metric tons, oil basis, up 36 percent from 1973. Oil exports increased by 139,200 tons to 481,200 tons, their greatest volume since 1969.

Exports of sunflowerseed, however, declined for the sixth year in a row, to 63,400 tons, or about 27,900 tons, oil basis. Soviet shipments accounted for nearly 64 percent of total world exports of sunflowerseed and oil in 1974, estimated at about 800,000 tons, oil basis.

Peru's Fishmeal Output Revised Downward

Peruvian fishmeal production for calendar 1975 is now forecast at 1.1 million metric tons, 200,000 tons above last year's volume. The revised forecast represents a 250,000-ton reduction from the previous estimate and is based on fishmeal production through May 20, at 630,000 tons.

Reportedly, the bulk of production so far this year has already been sold, and the Peruvians appear reluctant to expand output greatly in the face of rather weak export demand.

On the oil side, Peruvian production is expected to rise to about 325,000 tons, about 100,000 tons above last year's volume. Since Peruvian fish-oil exports during calendar 1974 amounted to only 76,000 tons, it is possible that 1975 exports could increase more substantially than production.

Major Market Oilseeds And Meal Imports Down

Total imports of oilseeds and meal into six major markets (Japan, West Germany, France, Spain, United Kingdom, and Denmark) for the months available during the October 1974-April 1975 period totaled nearly 8 million metric tons, soybean meal equivalent—154,000 tons below the 8.1 million tons imported during the same months a year earlier. This represents a 2 percent decline, reflecting reduced movements into Japan, Spain, and the United Kingdom. Imports by West Germany and Denmark continued to expand.

Imports of soybeans and meal into the same six markets during the 1974/75 period totaled 5.6 million metric tons, soybean meal basis—60,000 tons below the comparable 1973/74 period. The decline represents a reversal from the significant gains posted during the October-December 1974 period. Although soybean and meal imports into the six major markets declined by 1 precent during October-April, the volume represented 71 percent of total imports of oilseeds and meal by these countries during the 1974/75 period compared with 70 percent during the comparable months of 1973/74.

Imports during the next few months are expected to continue to lag and may not improve until the 1975/76 season.

NET IMPORTS OF SOYBEANS AND MEAL AND TOTAL OILSEEDS AND MEALS INTO SELECTED MAJOR MARKETS[1] FROM ALL SOURCES
[In 1,000 metric tons]

Country	Period	Soybeans and Meal		Total oilseeds and meals	
		1973/74	1974/75	1973/74	1974/75
Japan	Oct.-Apr.	1,746	1,580	2,265	2,012
West Germany	Oct.-Apr.	1,307	1,399	2,012	2,190
France	Oct.-Apr.	972	1,017	1,357	1,342
Spain	Oct.-Apr.	839	792	1,043	966
United Kingdom	Oct.-Apr.	513	481	910	875
Denmark	Oct.-Mar.	333	382	528	576
Total		5,710	5,651	8,115	7,961
Change from previous period		—	−59	—	−154

[1] Express in 44% soybean meal equivalent.

COTTON

India's Quality Cotton Selling Slowly

Recent export sales of India's better-quality surplus medium-long and long-staple cottons reportedly totaled only several hundred bales by mid-June, largely because of availability of similar cottons on world markets at cheaper prices. A contributing factor to slow sales is unfamiliarity of foreign mills with these cottons. An initial Government-approved export quota of 80,000 to 125,000 bales reportedly was set for first-time-ever exports of these cottons.

No Big Drop in Output Seen for PRC Cotton

The area planted to cotton in the People's Republic of China (PRC) in 1975 was about the same as in 1974, and very early prospects point to no excessive drop in production from the good 1974 harvest, according to the limited information presently available.

There is no hard evidence that the PRC has shifted cotton area to food crops and the excessive rains in southern China this spring are not thought to have reduced cotton prospects. Cotton planting was reported by Chinese sources to have been completed in early May before the heavy rains commenced. Only 15-20 percent of the cotton area is believed to lie south of the Yangtze River, where excessive rainfall was most heavily concentrated.

Rainfall was below normal in June in the major cotton areas. A resumption of normal rainfall would be likely to maintain early prospects.

World Raw Cotton Prices Stable

World raw cotton prices continue 6-8 cents above depressed January levels in the absence of either demand or selling pressure. With the disappearance of the recent improvement in Far Eastern cotton demand, world prices are again strongly influenced by reluctance of countries still holding uncommitted stocks to enter the market at current values.

DAIRY, LIVESTOCK, AND POULTRY

EC Shuffles Supplementary Levies On Poultry-Product Imports

Effective June 10, 1975, the European Community increased supplementary levies on imports of whole turkeys and frozen egg yolks fivefold and those on whole chickens and dried eggs by 50 percent. But, levies were reduced 57 percent on boned poultry meat and 14 percent on turkey breasts.

The increased levy on whole turkeys is the result of repotrs that 50 to 60 tons of U.S. whole turkeys were sold at 46 cents per pound, c.i.f. Hamburg. (Recent New York wholesale prices have been around 52-53 cents per pound for 8-16 pound hens and 48-49 cents for 14-22 pound toms. A sale for 46 cents c.i.f. Hamburg, seems unlikely.) No explanation was given for the large increase on frozen egg yolks.

The new supplementary levies affect imports by all EC members, though the amount in U.S. currency varies from country to country. The new supplementary levies in U.S. cents per pound on products entering West Germany, for example, are as follows (previous levies are in parentheses): Whole chicken, 9.41 (6.27); whole turkey, 18.83 (3.14); boned poultry, 18.83 (43.93); turkey breasts, 37.66 (43.93); dried eggs, 94.14 (62.76); frozen egg yolks, 37.66 (6.27).

EC Postpones Spin Chiller Ban

The European Community has postponed its ban on the use of spin chillers for poultry. The ban was to take effect after February 1, 1977. The EC Council of Ministers in a recent meeting decided to extend their use until August 1, 1978. The extension has been given because no satisfactory alternative method to replace spin chilling for freezing slaughtered poultry has been developed.

EC Doubles Levies On Some East European Ham Imports

The European Community recently introduced supplemental levies on imports of canned hams and shoulders that will double the levies for imports from certain East European countries. (Supplemental levies are usually applied when free-at-frontier offer prices fall below the "sluice gate" or minimum import prices.)

The current EC levy on all canned ham and shoulder imports is 30 units of account (u.a.) per 100 kilograms. (One u.a. currently equals about $1.31.) The new supplemental levies will be an additional 30 u.a. per 100 kilograms on canned hams and shoulders from Poland and Yugoslavia, and on canned shoulders from Hungary and Czechoslovakia.

Japan To Remove or Lower Pork Import Duty

Japan plans to remove or significantly lower its duty on pork imports from June 19 through August 31 in response to tight domestic supplies and high prices.

Carcass pork prices in the Tokyo market averaged about $1 per pound during the week beginning May 30—8 percent above the Japanese Government's ceiling prices for the 1975/76 Japanese fiscal year. A lower duty could stimulate U.S. pork exports to Japan since the U.S. market price for pork is currently about 35 cents per pound below the Tokyo level. When Japan waived its pork duty for several months in 1973, U.S. shipments reached nearly 100 million pounds.

SUGAR AND TROPICAL PRODUCTS

FAO Jute Meeting Ends 10th Session

The 10th Session of the Food and Agriculture (FAO) Intergovernmental Group on Jute, Kenaf, and Allied Fibers was held in Rome, May 21-23, 1975. Some 23 producing and consuming countries were represented, including the United States.

The group noted that 1974/75 had been a particularly critical year for jute: World demand for raw jute and jute goods had been badly hit by the recession in developed countries; competition from synthetics had intensiefid despite the increase in cost of oil; and jute output had fallen as farmers switched to rice and other more remunerative crops.

In spite of these developments, the delegations of the producing countries felt that the outlook for jute appeared less bleak than had been earlier thought. At the same time, the group stressed that competition from synthetics was likely to intensify in 1975/76 and the years ahead, and that many of jute's markets would be irretrievably lost if the price of jute is not kept competitive with polypropylene and other substitute materials.

The group found that supplies of raw jute in 1975/76 are likely to be more than adequate to meet total requirements, and that there appears to be only limited prospects for a recovery in demand. For this reason, and because of considerable stocks already in the hands of consumers, export availabilities were expected to be in excess of import requirements.

The group again was not able to recommend an indicative price range for jute and kenaf that would be both remunerative to growers and, at the same time, competitive with synthetics.

Sudan Developing New Kenaf Industry

According to Sudan's director of kenaf projects, the Sudan will require an estimated 60 million kenaf bags by 1980 to meet its growing requirements for handling its production of peanuts and other agricultural produce. At current prices, this quantity of imports would amount to $25 million. In 1972, the Sudan imported 25 million sacks valued at about $10 million.

To achieve self-sufficiency by 1980 in kenaf bags, the Sudan needs six factories, each with a capacity of 10 million units. Two factories are presently under construction: one at Abu Na'ama, Blue Nile Province, and the other at Tonj, Bahr El Ghazal Province. Reportedly, the factory at Abu Na'ama was scheduled to go into production in June 1975, while the factory at Tonj is not expected to start until 1978. No information is available on dates for the construction of additional plants.

Approximately half of the 70,000 acres allocated for the initial two projects will be planted in peanuts, with most of the balance in kenaf. Approximately 5,000 acres allocated in the Tonj scheme are to be planted to sorghum.

TOBACCO

World Tobacco Trade Hits Record High

Preliminary data indicate worldwide tobacco exports reached a record 2.7 billion pounds in 1974, 15 percent above 1973 exports. World tobacco trade continued to diversify as traditional major importers sought lower-priced leaf from alternative sources, and as exports from all origins to the Middle East and Asia increased.

The United States remained the world's leading tobacco exporter, with shipments of 651 million pounds in 1974, up 6 percent from 1973. Expanded shipments by competing producers caused the U.S. share of world exports to decline to 24 percent in 1974, continuing a long-term trend.

FRUITS, NUTS, AND VEGETABLES

Israel's Citrus Exports Up, Despite Production Drop

Despite an 11.4 percent drop in total production, which reached 1.5 million metric tons, Israel's export of fresh citrus increased in 1974/75 by almost 9 percent over the previous year, reaching 960,000 metric tons. There was a severe drop in fruit for processing.

Both the Shamouti and the Valencia orange production did not come up to expectations. However, quality improved and despite the 17 percent drop in total orange production, exports increased by about 10 percent over last year's. Grapefruit production increased by 4.6 percent.

Total processing decreased by 37.5 percent—but the most significant decline occurred in oranges, which dropped by 47.8 percent from last year's record. As a result, a considerable shortage of orange products is already felt and processors have difficulties in meeting their export commitments. In the past, similar situations opened up significant, though temporary, trade opportunities for producers of orange concentrates in other counties.

Prices achieved for fresh citrus exports were excellent and the total return for exported fresh citrus is expected to be about $160 million, compared with $117 million for the previous season. Despite the smaller crop, farmers' gross income from citrus is expected to be 58 percent higher than last year's. However, since income in 1973/74 was unchanged from that in 1972/73 (despite a 35 percent inflation for that period), the higher 1974/75 returns only redress the income situation in part. Inflation during 1974/75 was 45 percent.

The industry is troubled by the appearance of a new pest, spiraea, which was first observed in 1973. This insect does not appear to have any natural enemies in Israel, and so far no efficient way of chemical control has been found. An effort is being made to locate biological control agents in Italy and the United States. It is believed that part of the unexpected drop in orange production was due to this new pest.

Frost Shrivels French Prune Crop

France indicates late March and April frosts severely reduced 1975 dried prune crop prospects. Preliminary forecasts call for a 1975 crop of about 4,000 metric tons, only a fraction of the record 1974 crop totaling 22,000 metric tons. This would make 1975's the smallest crop in recent years. However, carryover of 1974 stock prunes into the 1975 season is expected to be large.

Weather Damages Yugoslav Plums

Yugoslavia indicates rains and cold spring weather have reduced total 1975 plum crop prospects. Preliminary forecasts indicate 1975 production will approximate that of 1974's, which was reduced by unfavorable weather during harvest. Total 1974 plum production was estimated at 628,000 metric tons. Dried prune production in 1974 was estimated at 15,000 metric tons (dried basis).

Other Foreign Agriculture Publications

- Declining U.S. Flour Exports (FG 7-75)
- U.S. Dairy Trade: 1974 Imports Slow—1975 Exports to Increase (FD 3-75)
- Cocoa Bean Processing Capacity Expanded by Producing Countries (FCB 2-75)
- Cumulative August-March U.S. Raw Cotton Exports Lag (FC 8-75)
- U.S. Exports of Breeding Swine in Calendar 1974 (FLM 3-75)
- U.S. Exports of Dairy Breeding Cattle in Calendar 1974 (FLM 4-75)
- U.S. Trade in Livestock and Livestock Products for March (FLM-MT-5-75)
- U.S. Trade in Specified Oilseeds, Vegetable and Marine Oils, Oilcakes, and Meal (FOP 3-75)
- World Castorbean Output is Record 1.1 Million Metric Tons in 1974 (FOP 4-75)
- Little Change Forecast in World Hard Fiber Output in 1975 (FVF 2-75)
- Value of U.S. Seed Exports Up, Volume Down in July-March 1974/75 (FFVS 3-75)

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U.S. Foods Star at Recent Stockholm Show

Continued from page 11

of $70,000 in the next year.

Another U.S. company, producer of cranberries and products, has selected Sweden as its first test market—to be followed by Switzerland and Belgium. The firm plans to begin sales in October, and could ship products worth some $150,000 to Scandanavia this year.

A major U.S. wine company wrote 18 orders during the exhibit, in spite of constraints on sales to the Swedish market because of the country's wine monopoly. The firm was very pleased with the keen interest in their products and optimistic about future admission to the monopoly.

Dehydrated foods shown by a U.S. producer new to this market were a high point at the show and meaningful contacts were made. Trade interest in U.S. soy protein was also beyond the expectations of U.S. exhibitors, who expected contacts to lead to substantial future sales.

The attractive product displays were given an added boost by daily demonstrations of U.S. salads, soy protein, and beef and poultry, conducted daily by Josef Schafers, Supervising Executive Chef of the Hilton Hotel Chain. Mr. Schafers also supervised the preparation of a U.S.-type salad bar—virtually unknown in Scandinavia—and arranged three press and trade luncheons, all featuring exhibitors' products.

Two of the taste-testing luncheons featured 20 new recipes using soy protein, developed to meet Nordic tastes and measuring units by Sweden's agricultural test kitchen, under a program spearheaded by the American Soybean Association with the Foreign Agricultural Service. Reaction to the new foods was almost universally enthusiastic. Benefits of use were outlined by Mr. Schafers and recipes were distributed, printed in Swedish and Danish and adapted for both household and institutional use.

The Stockholm food show is only part of a continuing program of market development for U.S. farm products being conducted in Scandinavia by the Foreign Agricultural Service, as well as several U.S. commodity groups that cooperate with FAS in developing overseas markets for their products.

A U.S.-style salad bar—an innovation in Scandinavia—showed U.S. fresh produce to advantage at the Stockholm food exhibit. Josef Schafers, Hilton Hotel executive chef, describes ingredients of salad dressings and garnishes to a Swedish trade representative.

Thai Tobacco Imports

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under production and is expected to go on line in 18 months. This will result in heavy buying of tobacco in 1976-77, but Thailand will be able to meet some of this demand from domestic production if farmers can reach the Monopoly's yearly production targets, that have been raised 8-10 percent annually in recent years.

The new operation, when at full capacity, will enable the Monopoly to put another less efficient factory on a standby basis with reduced production.

The Tobacco Monopoly is currently using larger percentages of domestic leaf in its cigarette blends, but with Thailand's annual population growth rate of 3.3 percent, a relatively strong economy, and Thai consumer preference for U.S. blended-type cigarettes, it is likely the higher percentages of domestic tobacco use will have little overall effect on imports of U.S. leaf. In fact, imports of leaf tobacco from the United States will probably increase in 1975 as the demand for foreign leaf, especially U.S. leaf, remains strong and sales of blended cigarettes continue to grow.

—Based on report from
GUY L. HAVILAND, JR.
U.S. Agricultural Attaché, Bangkok